

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W. R. Grace & Co., et al
Debtor

Case No. 01-01139 Jointly Administered
Reporting Period: August 2006

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (con't)	X	
Copies of bank statements		X	
Cash disbursements journals			Not available
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			Not available
Copies of Federal income tax returns filed during reporting period			None filed
Summary of Unpaid Postpetition Debts	MOR-4		See Note #4
Listing of aged accounts payable			See Note #4
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Robert M. Tarola
Signature of Authorized Individual*

28 September 2006
Date

Robert M. Tarola

Printed Name of Authorized Individual

Senior Vice President and
Chief Financial Officer

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

W. R. Grace & Co.
Monthly Financial Report
August 31, 2006

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Monthly Operating Report

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Bank Statements

Federal Income Tax Returns

none

Forward-Looking Information

This monthly financial report contains forward-looking information that involves risks and uncertainties. For such information, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the results predicted, and reported results should not be considered as a indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking information include those factors set forth in Grace's most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which have been filed with the Securities Exchange Commission.

Statement of Confidentiality

The information contained in the monthly financial report contains confidential information of W. R. Grace & Co. and its subsidiaries (the "Confidential Information"). The Confidential Information has been prepared solely for information purposes and may not be disclosed to any person or entity or reproduced, disseminated or disclosed, in whole or in part, except to officers, directors, employees, and representatives of the recipient ("Representatives") or as required by applicable law or regulation. By receipt of the Confidential Information, each recipient agrees to (1) use the Confidential Information only to enhance its understanding of Grace and its businesses, and (2) inform its Representatives of the confidential nature of such information and direct them to treat such information in accordance with the terms. Each recipient agrees to be responsible for any breach of these provisions by any of its Representatives.

Monthly Operating Report

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	J.P. Morgan Chase Disbursement 0101013572	The First Union Deposit Acct 2199500021812	First Union Payroll 2079600003615	Merrill Lynch Investment 3323735	Bank of America Savings 8188703107	J.P. Morgan Chase Holding 023223341	J.P. Morgan Chase Concentration 18001257
CASH BEGINNING OF MONTH	\$ 112,969	\$ 1	\$ -	\$ 120,817,505	\$ 5,520	\$ 786,095	\$ 3,034,858
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES					120		
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES		698,506		479,208		3,283	3,072,847
TRANSFERS IN - NONFILING ENTITIES							18,118,946
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	200,000			82,100,000			180,549,616
MISCELLANEOUS		78,206					
TOTAL RECEIPTS	200,000	774,712	-	82,579,208	120	3,283	202,739,409
DISBURSEMENTS							
PAYROLL							
PAYROLL TAXES							
TRADE PAYABLES - THIRD PARTIES							282,055
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							201,000
TRANSFERS OUT - THIRD PARTIES	285,701						4,593,093
TRANSFERS OUT - NONFILING ENTITIES							6,635
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		774,712		73,700,000			184,223,241
MISCELLANEOUS							
TOTAL DISBURSEMENTS	285,701	774,712	-	73,700,000	-	-	189,318,024
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(85,701)	-	-	(11,120,794)	120	3,283	13,423,385
CASH - END OF MONTH	\$ 47,288	\$ 1	\$ -	\$ 109,696,711	\$ 5,640	\$ 789,378	\$ 18,458,243

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	Bank of America Lockbox	Bank of America Securities LLCs	First Union Concentration	First Union Payroll	First Union Petty Cash	First Union Libby Medical
	8188203174	22330134	22000000282172	2079900018741	2079900005600	2079900005006
CASH BEGINNING OF MONTH	\$ 1,785,887	\$ 38,949,870	\$ -	\$ 2	\$ -	\$ -
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	53,029,672					
ACCOUNTS RECEIVABLE - INTERCOMPANY	751,779					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI						
DIP BORROWINGS						
TRANSFERS IN - THIRD PARTIES		170,952				
TRANSFERS IN - NONFILING ENTITIES						
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS			117,200,000	18,300,745		210,575
MISCELLANEOUS			2,398,709		2,539	
TOTAL RECEIPTS	53,781,451	170,952	119,598,709	18,300,745	2,539	210,575
DISBURSEMENTS						
PAYROLL				12,281,376		
PAYROLL TAXES				8,017,495		
TRADE PAYABLES - THIRD PARTIES						
TRADE PAYABLES - INTERCOMPANY						
ACCOUNT SECURITIZATION						
PAYMENTS AS SERVICER FOR GRPI						
DIP PRINCIPAL REPAYMENTS						
DIP INTEREST AND USAGE FEES						
TRANSFERS OUT - THIRD PARTIES	27,743				2,539	210,575
TRANSFERS OUT - NONFILING ENTITIES	3,934,587					
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	50,881,115		119,598,709			
MISCELLANEOUS				1,874		
TOTAL DISBURSEMENTS	54,643,445	-	119,598,709	18,300,745	2,539	210,575
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(661,994)	170,952	-	-	-	-
CASH - END OF MONTH	\$ 923,893	\$ 39,120,823	\$ -	\$ 2	\$ -	\$ -

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	First Union Accts Payable 2079920005761	First Union Payroll 2079900067553	Wachovia Lockbox 1866-082535	First Union Accts payable 2079900005265	First Union Accts Payable 207990000523E	SunTrust Payroll 00000131306	PNC Payroll 4002641360	Mobile Natl Disbursements 101591210	JP Morgan Chase Lockbox 304016494
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,246	\$ 24,393	\$ 10,000	\$ 3,219,201
RECEIPTS									
ACCOUNTS RECEIVABLE - THIRD PARTIES									38,447,827
ACCOUNTS RECEIVABLE - INTERCOMPANY									19,302,503
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI									
DIP BORROWINGS									
TRANSFERS IN - THIRD PARTIES									
TRANSFERS IN - NONFILING ENTITIES									
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	61,793,488			2,639,487	46,654,414				
MISCELLANEOUS	1,329,121								
TOTAL RECEIPTS	63,122,609	-	-	2,639,487	46,654,414	-	-	-	57,750,330
DISBURSEMENTS									
PAYROLL									
PAYROLL TAXES									
TRADE PAYABLES - THIRD PARTIES	(a) 63,122,609			2,397,547	46,654,414				
TRADE PAYABLES - INTERCOMPANY									
ACCOUNT SECURITIZATION									
PAYMENTS AS SERVICER FOR GRPI									
DIP PRINCIPAL REPAYMENTS									
DIP INTEREST AND USAGE FEES									
TRANSFERS OUT - THIRD PARTIES							33		
TRANSFERS OUT - NONFILING ENTITIES									
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS									60,623,875
MISCELLANEOUS				241,940					
TOTAL DISBURSEMENTS	63,122,609	-	-	2,639,487	46,654,414	-	33	-	60,623,875
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-	-	-	-	(33)	-	(2,873,545)
CASH - END OF MONTH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,246	\$ 24,360	\$ 10,000	\$ 345,656

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(a) These disbursements include Libby indictment, legal, and indemnification costs of \$6,178,325.

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	Amest Payroll 16298657	First Union Petty Cash 2040000016900	Banco de Crédito Operating Acct 1931115122058	Banco de Crédito Operating Acct 1931125963172	Banco Interam de Finanzas 0070001078478
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ 61,273	\$ 445,530	\$ 1,959
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES			16,630	259,903	-
ACCOUNTS RECEIVABLE - INTERCOMPANY			-	2,324	-
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI			-	-	-
DIP BORROWINGS			-	-	-
TRANSFERS IN - THIRD PARTIES			14,931	53	347,611
TRANSFERS IN - NONFILING ENTITIES			-	-	-
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS			-	-	-
MISCELLANEOUS					
TOTAL RECEIPTS	-	-	31,561	262,280	347,611
DISBURSEMENTS					
PAYROLL			8,494	-	-
PAYROLL TAXES			3,120	-	89,525
TRADE PAYABLES - THIRD PARTIES			-	-	-
TRADE PAYABLES - INTERCOMPANY			-	372,294	-
ACCOUNT SECURITIZATION			-	-	-
PAYMENTS AS SERVICER FOR GRPI			-	-	-
DIP PRINCIPAL REPAYMENTS			-	-	-
DIP INTEREST AND USAGE FEES			-	-	-
TRANSFERS OUT - THIRD PARTIES			59,333	15,000	178,157
TRANSFERS OUT - NONFILING ENTITIES			-	-	-
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			-	-	-
MISCELLANEOUS			17,505	8,657	7,873
TOTAL DISBURSEMENTS	-	-	88,452	395,951	275,556
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	(56,891)	(133,671)	72,055
CASH - END OF MONTH	\$ -	\$ -	\$ 4,382	\$ 311,859	\$ 74,014

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	Banco Interam de Finanzas 7000107707	Banco Sudamer Operativo Acct 10220251	Banco Sudamer Operativo Acct 10220260	Cash In Transit	Cash on Hand	Other
CASH BEGINNING OF MONTH	\$ 191,190	\$ -	\$ (1)	\$ 1	\$ 44,675	\$ 25,453
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	300,121					
ACCOUNTS RECEIVABLE - INTERCOMPANY	-					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI	-					
DIP BORROWINGS	-					
TRANSFERS IN - THIRD PARTIES	521			43,185		
TRANSFERS IN - NONFILING ENTITIES	-					
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	-					
MISCELLANEOUS						200,564
TOTAL RECEIPTS	300,641	-	-	43,185	-	200,564
DISBURSEMENTS						
PAYROLL	-					
PAYROLL TAXES	-					
TRADE PAYABLES - THIRD PARTIES	-					
TRADE PAYABLES - INTERCOMPANY	-					
ACCOUNT SECURITIZATION	-					
PAYMENTS AS SERVICER FOR GRPI	-					
DIP PRINCIPAL REPAYMENTS	-					
DIP INTEREST AND USAGE FEES	-					
TRANSFERS OUT - THIRD PARTIES	350,000					
TRANSFERS OUT - NONFILING ENTITIES	-					
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	-					
MISCELLANEOUS	14,328					
TOTAL DISBURSEMENTS	364,328	-	-	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(63,687)	-	-	43,185	-	200,564
CASH - END OF MONTH	\$ 127,504	\$ -	\$ (1)	\$ 43,186	\$ 44,675	\$ 228,017

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	CURRENT MONTH	
	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 169,561,627	\$ -
RECEIPTS		
ACCOUNTS RECEIVABLE - THIRD PARTIES	92,054,273	
ACCOUNTS RECEIVABLE - INTERCOMPANY	20,056,606	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI	-	
DIP BORROWINGS	-	
TRANSFERS IN - THIRD PARTIES	4,829,094	
TRANSFERS IN - NONFILING ENTITIES	19,116,946	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	489,648,325	
MISCELLANEOUS	4,009,139	
TOTAL RECEIPTS	629,714,383	-
DISBURSEMENTS		
PAYROLL	12,289,870	
PAYROLL TAXES	6,110,139	
TRADE PAYABLES - THIRD PARTIES	112,466,626	
TRADE PAYABLES - INTERCOMPANY	372,294	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI	-	
DIP PRINCIPAL REPAYMENTS	-	
DIP INTEREST AND USAGE FEES	201,000	
TRANSFERS OUT - THIRD PARTIES	5,762,176	
TRANSFERS OUT - NONFILING ENTITIES	3,941,222	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	489,601,652	
MISCELLANEOUS	292,176	
TOTAL DISBURSEMENTS	630,977,155	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(1,262,772)	-
CASH - END OF MONTH	\$ 168,298,855	\$ -

Note #1

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W.R. Grace & Co.

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	J.P. Morgan Chase Pass Through 423881863	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	1,354,877	1,354,877	
TOTAL RECEIPTS	1,354,877	1,354,877	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	1,354,877	1,354,877	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	1,354,877	1,354,877	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Remedium Group, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	JP Morgan Chase Depository/Wire 621883842	JP Morgan Chase Disbursement 601831985	Other	CURRENT MONTH	
				ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ (261,292)	\$ (30)	\$ (261,322)	\$ -
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES				-	
ACCOUNTS RECEIVABLE - INTERCOMPANY				-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI				-	
DIP BORROWINGS				-	
TRANSFERS IN - THIRD PARTIES				-	
TRANSFERS IN - NONFILING ENTITIES				-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		953,327		953,327	
TOTAL RECEIPTS	-	953,327	-	953,327	-
DISBURSEMENTS					
PAYROLL				-	
PAYROLL TAXES				-	
TRADE PAYABLES - THIRD PARTIES				-	
TRADE PAYABLES - INTERCOMPANY				-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI				-	
DIP PRINCIPAL REPAYMENTS				-	
DIP INTEREST AND USAGE FEES				-	
TRANSFERS OUT - THIRD PARTIES		1,037,350		1,037,350	
TRANSFERS OUT - NONFILING ENTITIES				-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS				-	
MISCELLANEOUS				-	
TOTAL DISBURSEMENTS	-	1,037,350	-	1,037,350	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	(94,023)	-	(94,023)	
CASH - END OF MONTH	\$ -	\$ (345,315)	\$ (30)	\$ (345,345)	\$ -

Darex Puerto Rico, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	C/bank Operating Acct 900153011	Party Cash	Other	Cash in Transit	CURRENT MONTH	
					ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 6,250,773	\$ 1,500	\$ -	\$ -	\$ 6,252,273	\$ -
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	447,601				447,601	
ACCOUNTS RECEIVABLE - INTERCOMPANY					-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI					-	
DIP BORROWINGS					-	
TRANSFERS IN - THIRD PARTIES					-	
TRANSFERS IN - NONFILING ENTITIES					-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	783,480				783,480	
TOTAL RECEIPTS	1,231,081	-	-	-	1,231,081	-
DISBURSEMENTS						
PAYROLL	5,420				5,420	
PAYROLL TAXES	2,302				2,302	
TRADE PAYABLES - THIRD PARTIES	244,624				244,624	
TRADE PAYABLES - INTERCOMPANY					-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI					-	
DIP PRINCIPAL REPAYMENTS					-	
DIP INTEREST AND USAGE FEES					-	
TRANSFERS OUT - THIRD PARTIES					-	
TRANSFERS OUT - NONFILING ENTITIES					-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	783,480				783,480	
MISCELLANEOUS					-	
TOTAL DISBURSEMENTS	1,035,827	-	-	-	1,035,827	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	195,254	-	-	-	195,254	-
CASH - END OF MONTH	\$ 6,446,028	\$ 1,500	\$ -	\$ -	\$ 6,447,528	\$ -

Grace International Holdings

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	Grace International Holdings 023106524	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	-
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	-
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	-
DIP BORROWINGS		-	-
TRANSFERS IN - THIRD PARTIES		-	-
TRANSFERS IN - NONFILING ENTITIES	1,000,000	1,000,000	-
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	-
TOTAL RECEIPTS	1,000,000	1,000,000	-
DISBURSEMENTS			
PAYROLL		-	-
PAYROLL TAXES		-	-
TRADE PAYABLES - THIRD PARTIES		-	-
TRADE PAYABLES - INTERCOMPANY		-	-
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	-
DIP PRINCIPAL REPAYMENTS		-	-
DIP INTEREST AND USAGE FEES		-	-
TRANSFERS OUT - THIRD PARTIES		-	-
TRANSFERS OUT - NONFILING ENTITIES		-	-
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	1,000,000	1,000,000	-
MISCELLANEOUS		-	-
TOTAL DISBURSEMENTS	1,000,000	1,000,000	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

CC Partners

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	First Union Deposit Acct 2198500031802	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Kootenai Development Company
Schedule of Cash Receipts and Disbursements
MOR-1
August 2006

	First National Bank of Montana 1049097	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 60,288	\$ 60,288	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ 60,288	\$ 60,288	\$ -

Grace Europe, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	Barclays Bank PLC	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Gloucester New Communities Company, Inc.
Schedule of Cash Receipts and Disbursements
MOR-1
August 2006

	Cash On Hand	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 500	\$ 500	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ 500	\$ 500	\$ -

Dewey & Almy, LLC

Schedule of Cash Receipts and Disbursements

MOR-1

August 2006

	Miscellaneous	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

[illegible]

[illegible]

W. R. Grace & Co. - Conn
Bank Reconciliations
July, 2006
MOR-1

	Wachovia Bank Payroll 2079900016741	First Union Petty Cash 2079900005600	First Union Libby Medical 2079900005006	First Union Accts Payable 2079920005761
Balance per books	\$ 2	\$ -	\$ -	\$ -
Bank Balance	\$ -	\$ -	\$ -	\$ -
(+) Deposits in transit				
(-) Outstanding checks	(471,042)	(462)		(9,204,763)
Other	471,044	462		9,204,763
Adjusted bank balance	\$ 2	\$ -	\$ -	\$ -
Deposits in Transit	Date Amount	Date Amount	Date Amount	Date Amount
Outstanding Checks	Ck. # Amount	Ck. # Amount	Ck. # Amount	Ck. # Amount
	Detail Available	12586 (15) 32048 (20) 32049 (1) 33960 (1) 34066 (50) 34243 (1) 37009 (88) 39027 (6) 39028 (33) 39029 (35) 39030 (26) 39031 (31) 39032 (55) 39033 (100)		Detail Available
Other				
Transfers between bank accounts	471,044			
Accounting error				
Interest not recorded on books				
Bank fees not recorded on books				
Payroll tax payments not recorded				
Unreconciled bank activity		3,001		(1,894,343)
Unreconciled ledger activity				(2,006)
Reclass negative cash balance		(2,539)		11,101,112
Returned item adjustment				
Payroll/other activity in transit				
Petty cash funds				
Reporting reclass				
Unrecorded deposit				

[illegible]

	SunTrust Payroll 00000141309	PNC 4002641360	Hibernia Natl Disbursement 101391210	Bank of America Payroll 0000 0002 2137	Allfirst Payroll 16298657
Balance per books	\$ 45,246	\$ 24,393	\$ 10,000	\$ -	\$ -
Bank Balance	\$ 45,246	\$ 24,360	\$ 10,000	\$ -	\$ -
(+) Deposits in transit					
(-) Outstanding checks					
Other		33			
Adjusted bank balance	\$ 45,246	\$ 24,393	\$ 10,000	\$ -	\$ -
Deposits in Transit	Date Amount	Date Amount	Date Amount	Date Amount	Date Amount
Outstanding Checks	Ck. # Amount	Ck. # Amount	Ck. # Amount	Ck. # Amount	Ck. # Amount
Other					
Transfers between bank accounts					
Accounting error					
Interest not recorded on books					
Bank fees not recorded on books					
Payroll tax payments not recorded					
Unreconciled bank activity					
Unreconciled ledger activity					
Reclass negative cash balance					
Returned item adjustment					
Payroll/other activity in transit					
Petty cash funds					
Reporting reclass					
Unrecorded deposit					

W. R. Grace & Co. - Conn Bank Reconciliations July, 2006 MOR-1										
	First Union Petty Cash 2040000016900		Banco de Credito Operating Acct 1931115122058		Banco de Credito Operating Acct 1931125963172		Banco de Interam de Finanzas 7000107847		Banco de Interam de Finanzas 7000107707	
Balance per books	\$ -		(Soles)	198,556	\$ 445,530		(Soles)	6,347	\$ 191,190	
Bank Balance	\$ -			195,556	\$ 445,530			6,347	\$ 194,289	
(+) Deposits in transit										
(-) Outstanding checks									(3,099)	
Other										
Adjusted bank balance	\$ -		(Soles)	195,556	\$ 445,530		(Soles)	6,347	\$ 191,190	
Deposits in Transit	Date	Amount	Date		Date		Date		Date	
Outstanding Checks	Ck. #	Amount	Ck. #		Ck. #		Ck. #		Ck. #	
									108	(3,064)
									109	(35)

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Darex Puerto Rico, Inc. Bank Reconciliations July, 2006 MOR-1		
	Citibank Operating Acct 300153011	
Balance per books	\$ 6,250,773	
Bank Balance	\$ 6,326,273	
(+) Deposits in transit	53,265	
(-) Outstanding checks	(169,376)	
Other	40,611	
Adjusted bank balance	\$ 6,250,773	
Deposits in Transit	Date	Amt
	07/28/06	54,454
	07/28/06	(1,189)
Outstanding Checks	Ck. #	Amt
	15461	(27)
	15904	(728)
	16971	(920)
	17225	(6,111)
	18083	(480)
	18221	(128,882)
	18268	(240)
	18280	(245)
	18288	(243)
	18289	(578)
	18291	(65)
	18308	(58)
	18314	(92)
	18337	(16,303)
	18334	(127)
	18336	(156)
	18332	(16)
	18330	(289)
	18333	(110)
	18345	(3,577)
	18340	(329)
	18346	(7,979)
	18341	(52)
	18342	(69)
	18344	(1,700)
Other		
Transfers between bank accounts		
Accounting error		
Interest not recorded on books		
Bank fees not recorded on books		
Payroll tax payments not recorded		
Unreconciled bank activity		40,611
Unreconciled ledger activity		
Returned item adjustment		
Payroll activity in transit		
Petty cash funds		

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W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	W.R. Grace & Co. Conn.	W.R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.	Litigation Management Inc.	Grace Europe Inc.	Libby Realty, Inc.
Net sales to third parties	\$ 91,750,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	32,075,034	-	-	-	-	-	-	-	-
Net sales to filing entities	300,420	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	11,549,437	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(6,856,049)	4,255,329	601,898	19,173	845,233	-	2,602,915	-	-
	128,818,991	4,255,329	601,898	19,173	845,233	-	2,602,915	-	-
Cost of goods sold to third parties	59,995,395	-	(283)	-	-	-	-	-	-
Cost of goods sold to non-filing entities	26,112,767	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	203,692	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	(a) 36,168,090	-	6,134	-	-	66,369	-	-	-
Research and development expenses	3,483,356	-	-	-	-	-	-	-	-
Depreciation and amortization	5,083,024	-	2,200	-	-	-	-	-	-
Interest expense	6,278,443	-	-	-	-	-	-	-	-
Other expense (income)	(314,374)	-	-	-	-	-	-	-	-
	137,010,392	-	8,051	-	-	66,369	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(8,191,401)	4,255,329	593,847	19,173	845,233	(66,369)	2,602,915	-	-
Chapter 11 reorganization expenses, net	(4,978,964)	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	4,760,292	(1,489,365)	(207,979)	(6,710)	(295,831)	-	(911,020)	(129)	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ (8,410,072)	\$ 2,765,964	\$ 385,868	\$ 12,463	\$ 549,402	\$ (66,369)	\$ 1,691,895	\$ (129)	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

(a) Amount includes \$7,456,456 of expenses for Grace's legal and indemnification costs related to the Libby indictment. \$3,244,404 of this amount relates specifically to the indemnification costs of the seven current and former employees under indictment.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	W.R. Grace & Co. International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewite Land Corporation	Alewite Boston, Ltd.	Five Alewife Boston, Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Sterling Systems, Inc.
Net sales to third parties	\$ -	\$ 580,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	10,411	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	1,215,067	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(1,468,498)	-	-	-	-	-	-	-	-
	(253,431)	591,259	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	262,553	24,390	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	38,095	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	69,243	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	85,518	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	(343,616)	-	-	-	-	-	-	-	-
	(343,616)	455,409	24,390	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	90,184	135,851	(24,390)	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	79,415	(47,547)	8,537	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) Income	\$ 169,599	\$ 88,304	\$ (15,853)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	Kootenai Development Company	C.B. Blomfield, Inc.	Amicon, Inc.	Grace Environmental Ind.	Grace Chemical Company of Cuba	Southern Oil Resin & Fiberglass, Inc.	Caribe Land Development Corporation	Dewey & Almy LLC	W.R. Grace & Co., Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	Grace Farion Investors, Inc.	W. R. Grace Co. Limited Partners, L.P.	Monolith Enterprises Incorporated	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street Inc.	Grace H-G, Inc.	Hanover Square Corporation	Ecarg, Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net (Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	W.R. Grace Land Corporation	W.R. Grace Management Inc.	Water Street Corporation	Del. Taco Restaurants Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.	Creative Food N.F. Fun Company	Grace PARS Corporation	Grace A/B Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	Flomco International Inc.	GEO Thomasville Corp.	Grace Ventures Corp.	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coal/Grace Inc.	Grace/A-B Inc.	Grace H-G Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net (Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended August 31, 2006

	W.R. Grace & Co. Inc.	Grace Coal Inc.	Grace Coal Inc.	Grace Drilling Company	Grace Petroleum Tibya Incorporated	Avia Basin Ranch Company	Hayden-Guich West Coal Company	H-C Coal Company	Eliminations between Filing Entities
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	(310,830)
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(310,830)
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	(241,787)
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(241,787)
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	(69,043)
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (69,043)

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities Combining Statement of Operations MOR - 2 Month Ended August 31, 2006		
	Conversion to Equity Method	COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ 92,330,998
Net sales to non-filing entities	-	32,075,034
Net sales to filing entities	-	-
Interest and royalties from non-filing entities, net	-	12,764,504
Interest and royalties from filing entities, net	-	-
	-	137,170,536
Cost of goods sold to third parties	-	61,182,056
Cost of goods sold to non-filing entities	-	26,112,767
Cost of goods sold to filing entities	-	-
Selling, general and administrative expenses	-	36,309,835
Research and development expenses	-	3,483,356
Depreciation and amortization	-	5,170,741
Interest expense	-	6,278,443
Other expense (income)	-	(657,990)
	-	137,879,207
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	(708,671)
Chapter 11 reorganization expenses, net	-	(4,978,964)
(Provision for) benefit from income taxes	-	1,889,663
Minority interest in income of subsidiary	-	-
Equity in net income of non-filing entities	5,254,844	5,254,844
Net (loss) income	\$ 5,254,844	\$ 1,456,872

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

August 31, 2006

	W.R. Grace & Co. Conn.	W.R. Grace & Co.	Remediation Group Inc.	CCHP, Inc.	CC Partners	Shaw-Washington Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 168,298,855	\$ -	\$ (345,345)	\$ -	\$ -	\$ -
Accounts and other receivables, net	136,394,716	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	382,090,322	(397,153,338)	(27,812,752)	12,878,572	(67,800,812)	(11,613,370)
Inventories	85,097,417	-	-	-	-	-
Deferred income taxes	22,444,595	-	1,195,057	-	-	-
Other current assets	18,877,625	-	-	-	-	-
Total Current Assets	813,203,531	(397,153,338)	(26,963,041)	12,878,572	(67,800,812)	(11,613,370)
Properties and equipment, net	386,155,640	-	382,531	-	-	-
Goodwill	14,499,091	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	86,800,069	-	-	-	-	-
Deferred income taxes	1,056,891,640	-	23,177,841	-	-	-
Asbestos-related insurance receivable	500,000,000	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,577,902,537)	982,328,270	112,545,722	5,435,045	235,410,802	-
Investment in filing and non-filing entities	827,336,783	241,512,111	-	-	-	-
Other assets	57,102,163	-	-	-	-	-
Total Assets	\$2,164,086,380	\$826,687,042	\$109,143,053	\$18,313,617	\$167,609,991	\$2(11,613,370)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	67,228,310	-	16,796	-	-	-
Income taxes payable	430,535	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	134,098,850	-	(477)	-	-	1,412
Total Current Liabilities	201,757,695	-	16,319	-	-	1,412
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	295,423,316	-	-	-	-	-
Minority interest in consolidated affiliates	50,502,102	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	347,680,529	-	-	-	-	-
Total Liabilities Not Subject to Compromise	895,363,642	-	16,319	-	-	1,412
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	719,978,972	-	-	-	-	-
Accounts payable	30,897,967	-	665,607	-	-	-
Income taxes payable	22,010,068	63,205,569	(13,223,902)	284,389	13,011,312	(16,540)
Asbestos-related liability	1,700,000,000	-	-	-	-	-
Other liabilities	553,124,564	-	69,638,850	-	2,038,811	-
Total Liabilities Subject to Compromise	3,026,011,571	63,205,569	57,080,555	284,389	15,050,123	(16,540)
Total Liabilities	3,921,375,213	63,205,569	57,096,874	284,389	15,050,123	(15,128)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	83,968,960	796,396	12,223	1,000	-	1,000
Paid in capital	142,809,878	419,587,668	9,724,449	34,052,467	56,011,577	-
(Accumulated deficit)/Retained earnings	(1,562,722,692)	446,875,324	42,309,507	(16,024,238)	96,548,291	(11,599,242)
Treasury stock, at cost	-	(103,778,014)	-	-	-	-
Accumulated other comprehensive loss	(421,344,979)	100	-	-	-	-
Deferred compensation trust	-	100	-	-	-	-
Total Shareholders' Equity (Deficit)	(1,757,288,833)	763,481,473	52,046,179	18,029,229	152,559,868	(11,598,242)
Total Liabilities and Shareholders' Equity (Deficit)	\$2,164,086,380	\$826,687,042	\$109,143,053	\$18,313,617	\$167,609,991	\$2(11,613,370)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
August 31, 2006

	W.R. Grace & Co. Management, Inc.	Grace Europe, Inc.	L.B. Realty, Inc.	Grace International Holdings, Inc.	Darex Puerto Rico Inc.	Alewife Land Corporation
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,447,528	\$ -
Accounts and other receivables, net	-	96,032	-	-	2,256,844	-
Receivables from/(payables to) filing and non-filing entities, net	(386,938,610)	5,696,487	140,524,854	(85,317,924)	1,693,612	(4,707,750)
Inventories	-	-	-	-	318,839	-
Deferred income taxes	-	86,449	-	-	12,229	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(386,938,610)	5,878,968	140,524,854	(85,317,924)	10,729,052	(4,707,750)
Properties and equipment, net	-	-	-	-	688,269	-
Goodwill	-	-	-	-	1,256,948	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	549,631,773	(3,284,041)	-	34,892,702	-	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Other assets	-	54,000	-	-	8,041,281	-
Total Assets	\$ 162,693,163	\$ 2,648,926	\$ 140,524,854	\$ 8,244,242	\$ 20,715,551	\$ (4,707,750)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	25,816	-	-	1,004,583	-
Income taxes payable	-	-	-	-	(430,267)	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	358,217	-	-	123,676	-
Total Current Liabilities	-	382,033	-	-	697,991	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	2,449,166	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	8,622,249	-	-
Total Liabilities Not Subject to Compromise	-	382,033	-	11,071,415	697,991	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	133,907	-
Income taxes payable	40,084,378	(944,677)	(150)	(12,834,279)	2,585,651	(241,437)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	246,996	-	-	-	-
Total Liabilities Subject to Compromise	40,084,378	(697,680)	(150)	(12,834,279)	2,719,558	(241,437)
Total Liabilities	40,084,378	(315,647)	(150)	(1,762,864)	3,417,550	(241,437)
Shareholders' Equity (Deficit)						
Preferred Stock	112	-	-	-	-	-
Common Stock	1,000	1,000	-	1,000	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	61,845,489	13,074,177	274,606
(Accumulated deficit)/Retained earnings	151,875,083	(486,712)	115,166,011	(96,072,167)	4,222,824	(4,741,119)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	3,450,286	-	44,232,784	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	122,608,785	2,964,574	140,525,004	10,007,106	17,298,001	(4,466,313)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 162,693,163	\$ 2,648,926	\$ 140,524,854	\$ 8,244,242	\$ 20,715,551	\$ (4,707,750)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
August 31, 2006

	Alewife Boston Ltd	Five Alewife Boston Ltd	GN Holdings, Inc	MRRA Holdings Corp	MRA Intermedco Inc	EMRA Stirling Systems Inc
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(2,143,580)	-	(57,817,172)	(110)	(330)	(23,021)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(2,143,580)	-	(57,817,172)	(110)	(330)	(23,021)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$(2,143,580)	\$-	\$(23,763,706)	\$54,499,890	\$54,499,670	\$55,988,556
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(210)	-	-	(110)	(330)	(6,389)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(210)	-	-	(110)	(330)	(6,389)
Total Liabilities	(210)	-	-	(110)	(330)	(6,389)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	931,540	1	130	130
Paid in capital	-	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	(2,143,370)	-	(34,103,706)	-	-	1,494,945
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	(2,143,370)	-	(23,763,706)	54,500,000	54,500,000	55,994,945
Total Liabilities and Shareholders' Equity (Deficit)	\$(2,143,580)	\$-	\$(23,763,706)	\$54,499,890	\$54,499,670	\$55,988,556

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

MOR - 3

August 31, 2006

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern Oil Refin & Fiberglass, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 60,288	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(10,483)	(26,614,022)	57,347,191	(7,283,826)	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	7,029	-	-	-	-	-
Total Current Assets	56,833	(26,614,022)	57,347,191	(7,283,826)	-	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	1,630,940	-	-	-	-	-
Total Assets	\$1,687,773	\$ (26,614,022)	\$ 57,347,191	\$ (7,283,826)	\$ -	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	551,649	5,000	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	551,649	5,000	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(10,023)	(195)	10,346,794	(230)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(10,023)	(195)	10,346,794	(230)	-	-
Total Liabilities	541,626	4,805	10,346,794	(230)	-	-
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	5,150	-	-
Paid in capital	1,164,954	859,233	3,671,658	5,144,850	-	-
(Accumulated deficit)/Retained earnings	(18,806)	(27,478,060)	43,427,950	(12,433,596)	-	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(99,212)	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	1,146,148	(26,618,827)	47,000,396	(7,283,596)	-	-
Total Liabilities and Shareholders' Equity (Deficit)	\$1,687,773	\$ (26,614,022)	\$ 57,347,191	\$ (7,283,826)	\$ -	\$ -

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
August 31, 2006

	Guamco-Caribe Land Development Corporation	Dewey & Almy, LLC	A. B. & J. P. Co. Inc.	Grace-Tampon Investors, Inc.	C. C. Limited Partners, L.P.	Monolith Enterprises Incorporated
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	5,824,284	(8,966)	(1,119,103)	10,284,124	330	(2,417,714)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
Total Current Liabilities	-	-	-	3	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	3	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(110)	-	(110)	(560)	(560)	(450)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(110)	-	(110)	(560)	(560)	(450)
Total Liabilities	(110)	-	(110)	(557)	(560)	(450)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(10,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	5,824,394	(8,966)	(1,118,993)	10,284,682	890	(2,417,264)
Total Liabilities and Shareholders' Equity (Deficit)	5,824,284	(8,966)	(1,119,103)	10,284,124	330	(2,417,714)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
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	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace HCS, Inc.	Hanover Siding Corporation	E-Organics
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$(26,312,455)	\$(5,132,933)	\$(3,350,634)	\$(2,509,849)	\$840	\$(1,230,613)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	(818)	(110)	(210)	(110)	(30)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	-	(818)	(110)	(210)	(110)	(30)
Total Liabilities	-	(818)	(110)	(210)	(110)	(30)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	1,000	1,000	1,000	50
Paid in capital	-	-	-	-	-	50
(Accumulated deficit)/Retained earnings	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(1,230,683)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	(26,312,455)	(5,132,115)	(3,350,524)	(2,509,639)	950	(1,230,583)
Total Liabilities and Shareholders' Equity (Deficit)	\$(26,312,455)	\$(5,132,933)	\$(3,350,634)	\$(2,509,849)	\$840	\$(1,230,613)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
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	W.R. Grace Land Corporation	G.C. Management L.P.	Water Street Corporation	DeJaco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accounts and other receivables, net	-	-	-	-	-	91,572
Receivables from/(payables to) filing and non-filing entities, net	36,708,315	-	(73,061)	(12,559,518)	(264,688)	(19,486,048)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	36,708,315	-	(73,061)	(12,559,518)	(264,688)	(19,393,976)
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Other assets	-	-	-	-	-	4,066
Total Assets	\$ 42,993,121	\$ -	\$ (73,061)	\$ (12,559,518)	\$ 173,757	\$ (19,389,909)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	4,066
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	199	69,766
Total Current Liabilities	-	-	-	-	199	73,833
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	199	73,833
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(821)	-	(110)	(265)	(759)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(821)	-	(110)	(265)	(759)	-
Total Liabilities	(821)	-	(110)	(265)	(560)	73,833
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-	-	6,541,055	4,000	6,000,000
(Accumulated deficit)/Retained earnings	23,411,782	-	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	42,993,942	-	(72,951)	(12,559,253)	174,317	(19,463,742)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 42,993,121	\$ -	\$ (73,061)	\$ (12,559,518)	\$ 173,757	\$ (19,389,909)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

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August 31, 2006

	Creative Food Products Company	Grace P&H Corporation	Grace A-B, Inc.	Homon International, Inc.	GPC/Homesville Corp.	Grace Venture Corp.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	23,478,717	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	23,478,717	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 23,478,717	\$ 6,345,361	\$ 810,265	\$ (59,581,637)	\$ (185)	\$ (86,721)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(1,432)	(300)	(335)	(405)	(185)	(110)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(1,432)	(300)	(335)	(405)	(185)	(110)
Total Liabilities	(1,432)	(300)	(335)	(405)	(185)	(110)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,090,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,986,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	23,480,148	6,345,661	810,600	(59,581,232)	-	(86,611)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 23,478,717	\$ 6,345,361	\$ 810,265	\$ (59,581,637)	\$ (185)	\$ (86,721)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
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August 31, 2006

	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-Bill, Inc.	Grace H-G, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 504,081,786	\$ (9,746,113)	\$ (15,750,664)	\$ 5,296,839	\$ 875,359	\$ (5,314)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(119)	(110)	-	(360)	(310)	(260)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(119)	(110)	-	(360)	(310)	(260)
Total Liabilities	(119)	(110)	-	(360)	(310)	(260)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,657,976)	(49,850,704)	5,297,099	874,669	(6,054)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	504,081,905	(9,746,003)	(15,750,664)	5,297,199	875,669	(5,054)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 504,081,786	\$ (9,746,113)	\$ (15,750,664)	\$ 5,296,839	\$ 875,359	\$ (5,314)

Note #3

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W.R. Grace & Co. - Chapter 11 Filing Entities

Combining Balance Sheet

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August 31, 2006

	Coalgrace II, LLC	Gracoal II, LLC	Gracoal, Inc.	Gracoal Mining Company	Grace Petroleum Libya Incorporated	Avalon Basin Ranch Company
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 108,080	\$ 130,215,533	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	26,339,901	26,339,901	-	-	-
Minority interest in consolidated affiliates	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	26,339,901	26,339,901	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(360)	2,687,560	2,687,735	(480)	(110)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(360)	2,687,560	2,687,735	(480)	(110)	-
Total Liabilities	(360)	29,027,461	29,027,636	(480)	(110)	-
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	70,893,322	102,331,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	108,440	101,188,072	116,211,570	(81,114,633)	47,407,906	-
Total Liabilities and Shareholders' Equity (Deficit)	\$ 108,080	\$ 130,215,533	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
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August 31, 2006

	Hayden-Gulch West Coal Company	R.G. Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclasses
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	200,000
Inventories	-	-	-	-	-
Deferred income taxes	-	-	-	-	(5,449,794)
Other current assets	-	-	-	-	-
Total Current Assets	-	-	-	-	(5,249,794)
Properties and equipment, net	-	-	-	-	-
Goodwill	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-
Deferred income taxes	-	-	-	-	(350,552,284)
Asbestos-related insurance receivable	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	(1,326,102,717)	476,318,056	1,800,000
Investment in filing and non-filing entities	-	-	(1,101,282)	-	-
Other assets	-	-	-	-	-
Total Assets	-	-	(1,327,203,999)	476,318,056	(354,002,078)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Liabilities Not Subject to Compromise					
Current Liabilities					
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	5,000,000
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	-	-	(16,249,794)
Total Current Liabilities	-	-	-	-	(11,249,794)
Debt payable after one year	-	-	-	-	-
Deferred income taxes	-	-	-	-	(350,552,284)
Minority interest in consolidated affiliates	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	(361,802,078)
Liabilities Subject to Compromise					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities Subject to Compromise	-	-	-	-	-
Total Liabilities	-	-	-	-	(361,802,078)
Shareholders' Equity (Deficit)					
Preferred Stock	-	-	-	-	-
Common Stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,222,570,000)	-	-
(Accumulated deficit)/Retained earnings	-	-	(17,140,039)	474,631,639	2,000,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(1,000,000)	1,686,417	5,800,000
Deferred compensation trust	-	-	-	-	-
Total Shareholders' Equity (Deficit)	-	-	(1,327,203,999)	476,318,056	7,800,000
Total Liabilities and Shareholders' Equity (Deficit)	-	-	(1,327,203,999)	476,318,056	(354,002,078)

Note #3

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W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
August 31, 2006

	COMBINED FILING ENTITIES
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 174,461,825
Accounts and other receivables, net	138,839,164
Receivables from/(payables to) filing and non-filing entities, net	63,792,060
Inventories	85,416,257
Deferred income taxes	18,288,536
Other current assets	18,884,654
Total Current Assets	499,682,495
Properties and equipment, net	387,664,886
Goodwill	15,756,039
Cash value of company owned life insurance, net of policy loans	86,800,069
Deferred income taxes	729,517,196
Asbestos-related insurance receivable	500,000,000
Loans receivable from/(payable to) filing and non-filing entities, net	289,018,889
Investment in filing and non-filing entities	672,249,777
Other assets	65,731,169
Total Assets	\$3,246,420,520
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	
Liabilities Not Subject to Compromise	
Current Liabilities	
Debt payable within one year	\$ -
Accounts payable	68,279,572
Income taxes payable	5,000,268
Asbestos-related liability expected to be disbursed within one year	-
Other current liabilities	118,399,850
Total Current Liabilities	191,679,690
Debt payable after one year	-
Deferred income taxes	-
Minority interest in consolidated affiliates	51,058,751
Asbestos-related liability expected to be disbursed after one year	-
Other liabilities	356,302,778
Total Liabilities Not Subject to Compromise	599,041,218
Liabilities Subject to Compromise	
Debt, pre-petition plus accrued interest	719,978,972
Accounts payable	31,697,481
Income taxes payable	129,615,087
Asbestos-related liability	1,700,000,000
Other liabilities	625,049,221
Total Liabilities Subject to Compromise	3,206,340,761
Total Liabilities	3,805,381,979
Shareholders' Equity (Deficit)	
Preferred Stock	112
Common Stock	799,072
Paid in capital	423,315,662
(Accumulated deficit)/Retained earnings	(512,023,688)
Treasury stock, at cost	(103,778,014)
Accumulated other comprehensive loss	(367,274,603)
Deferred compensation trust	100
Total Shareholders' Equity (Deficit)	(558,961,459)
Total Liabilities and Shareholders' Equity (Deficit)	\$3,246,420,520

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

Chart 5

W. R. Grace & Co. - Conn
Status of Postpetition Taxes
MOR-4
August 31, 2006

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ 2,151,434	\$ (2,151,434)	\$ -
FICA - Employee	6,179	1,122,446	(1,123,646)	4,979
FICA and payroll- Employer	456,823	1,126,674	(707,339)	876,158
Unemployment	-	1,953	(1,953)	-
Other	-	12,475	(12,475)	-
Total Federal Taxes	\$ 463,002	\$ 4,414,982	\$ (3,996,847)	\$ 881,137
State and Local				
Withholding	\$ (43)	\$ 752,593	\$ (752,593)	\$ (43)
Sales & Use	897,313	571,111	(433,739)	1,034,685
Property Taxes	3,174,973	404,872	(483,863)	3,095,982
Other	-	81,120	(81,120)	-
Total State and Local	\$ 4,072,243	\$ 1,809,696	\$ (1,751,315)	\$ 4,130,624
Total Taxes	\$ 4,535,245	\$ 6,224,678	\$ (5,748,162)	\$ 5,011,761

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Remedium Group, Inc.
Status of Postpetition Taxes
MOR-4
August 31, 2006

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ (283)	\$ 6,484	\$ (6,484)	\$ (283)
FICA - Employee	-	2,116	(2,116)	-
FICA and payroll- Employer	-	2,116	(2,116)	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ (283)	\$ 10,716	\$ (10,716)	\$ (283)
State and Local				
Withholding	\$ -	\$ 646	\$ (646)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ 646	\$ (646)	\$ -
Total Taxes	\$ (283)	\$ 11,362	\$ (11,362)	\$ (283)

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Grace Washington, Inc.
Status of Postpetition Taxes
MOR-4
August 31, 2006

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ 4,659	\$ (4,659)	\$ -
FICA - Employee	-	251	(251)	-
FICA and payroll- Employer	-	251	(251)	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ 5,161	\$ (5,161)	\$ -
State and Local				
Withholding	\$ -	\$ 962	\$ (962)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ 962	\$ (962)	\$ -
Total Taxes	\$ -	\$ 6,123	\$ (6,123)	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

L B Realty, Inc.
Status of Postpetition Taxes
MOR-4
August 31, 2006

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	-	-	-
FICA and payroll- Employer	-	-	-	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ -	\$ -	\$ -
State and Local				
Withholding	\$ -	\$ -	\$ -	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ -	\$ -	\$ -
Total Taxes	\$ -	\$ -	\$ -	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Darex Puerto Rico, Inc.
Status of Postpetition Taxes
MOR-4
August 31, 2006

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	99	589	(1,715)	(1,027)
FICA and payroll- Employer	2,644	589	(209)	3,024
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ 2,743	\$ 1,178	\$ (1,924)	\$ 1,997
State and Local				
Withholding	\$ 1,828	\$ 1,125	\$ -	\$ 2,953
Sales & Use	946	1,542	-	2,488
Property Taxes	405,554	4,064	-	409,618
Other	-	-	-	-
Total State and Local	\$ 408,328	\$ 6,731	\$ -	\$ 415,059
Total Taxes	\$ 411,071	\$ 7,909	\$ (1,924)	\$ 417,056

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn
Accounts Receivable Reconciliation and Aging
MOR-5
August 2006

Trade Accounts Receivable Reconciliation	
Trade accounts receivable, beginning of month, gross	\$ 130,494,039
Amounts billed during the period	\$ 91,750,150
Amounts collected during the period	\$ (92,054,273)
Other	\$ 1,928,092
Trade accounts receivable at the end of month, gross	\$ 132,118,008
Trade Accounts Receivable Aging	
Current	\$ 101,376,428
1-30 days past due	\$ 20,871,121
31-60 days past due	\$ 8,978,698
+61 days past due	\$ 891,761
Trade accounts receivable, gross	\$ 132,118,008
Allowance for doubtful accounts	\$ (1,871,841)
Trade accounts receivable, net	\$ 130,246,167

Notes and Accounts Receivable Reconciliation	
Trade accounts receivable, net	\$ 130,246,167
Customer notes and drafts receivable	\$ 744,865
Pending customer credit notes	\$ (250,790)
Advances and deposits	\$ 4,798,391
Nontrade receivables, net	\$ 856,083
Total notes and accounts receivable, net	\$ 136,394,716

Chart 6

Darex Puerto Rico, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
August 2006

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ 2,134,321
Amounts billed during the period	580,849
Amounts collected during the period	(447,601)
Other	24,364
Trade accounts receivable at the end of month, gross	\$ 2,291,933

Trade Accounts Receivable Aging

Current	\$ 1,526,963
1-30 days past due	299,570
31-60 days past due	181,050
+61 days past due	284,350
Trade accounts receivable, gross	2,291,933
Allowance for doubtful accounts	(34,942)
Trade accounts receivable, net	\$ 2,256,991

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ 2,256,991
Customer notes and drafts receivable	-
Pending customer credit notes	(147)
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ 2,256,844

Chart 6

Remedium Group, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
August 2006

Trade Accounts Receivable Reconciliation	
Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -
Trade Accounts Receivable Aging	
Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

Notes and Accounts Receivable Reconciliation	
Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ -

Chart 6

Grace Europe, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
August 2006

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

Trade Accounts Receivable Aging

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	96,032
Total notes and accounts receivable, net	\$ 96,032

Chart 6

Gloucester New Communities Company, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
August 2006

Trade Accounts Receivable Reconciliation	
Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -
Trade Accounts Receivable Aging	
Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

Notes and Accounts Receivable Reconciliation	
Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	91,572
Total notes and accounts receivable, net	\$ 91,572

	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation.	X (unless disputed in normal course of business)	

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

List assets sold/transferred outside the normal course of business over \$25,000:		
Description of Asset	Sale Date	Proceeds

Combined Chapter 11 Filing Entity Statements

Chart 8

W. R. Grace & Co. - Chapter 11 Filing Entities				
Combined Statements of Operations				
In millions	Month Ended August 31,		Eight Months Ended August 31,	
	2006	2005	2006	2005
Net sales to third parties	\$ 92.3	\$ 87.6	\$ 667.7	\$ 634.0
Net sales to non-filing entities	32.0	27.7	301.3	217.9
Interest and royalties from non-filing entities	12.8	5.2	36.3	32.5
	137.1	120.5	1,005.3	884.4
Cost of goods sold to third parties	61.2	59.9	462.7	416.7
Cost of goods sold to non-filing entities	26.2	23.0	256.2	175.5
Selling, general and administrative expenses	32.3	20.3	235.7	175.6
Depreciation and amortization	5.2	5.3	39.6	43.3
Research and development expenses	3.5	3.2	27.1	25.4
Net pension expense	4.1	4.4	31.4	35.3
Interest expense	6.2	4.5	48.1	36.4
Other (income) expense	(0.7)	(0.3)	(8.7)	(28.5)
Provision for asbestos-related litigation, net of estimated insurance recovery	-	-	-	-
Provision for environmental remediation	-	-	30.0	-
	138.0	120.3	1,122.1	879.7
Income (loss) before Chapter 11 expenses, income taxes and equity in net income of non-filing entities	(0.9)	0.2	(116.8)	4.7
Chapter 11 expenses, net	(5.0)	(1.8)	(27.1)	(15.1)
Benefit from (provision for) income taxes	1.9	(2.5)	32.5	(10.7)
Income (loss) before equity in net income of non-filing entities	(4.0)	(4.1)	(111.4)	(21.1)
Equity in net income of non-filing entities	5.5	12.6	105.3	68.9
Net income (loss)	\$ 1.5	\$ 8.5	\$ (6.1)	\$ 47.8

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combined Functional Basis Statements of Cash Flows

<i>In millions</i>	Month Ended August 31, 2006	Eight Months Ended August 31, 2006	Eight Months Ended August 31, 2005
Core operations cash flow			
Pre-tax income from core operations	\$ 13.8	\$ 12.8	\$ 37.9
Depreciation and amortization	5.2	39.6	43.3
	19.0	52.4	81.2
Payments to fund defined benefit pension arrangements	(0.4)	(53.8)	(24.5)
Change in Non-Filing entity operating loans including interest payments and investment	5.2	52.8	13.9
Changes in all core assets/liabilities and other	(3.4)	(24.8)	(54.1)
Core Pre-tax Operating Cash Flow	20.4	26.6	16.5
Capital expenditures	(8.6)	(54.1)	(34.7)
Core Pre-tax Operating Free Cash Flow	11.8	(27.5)	(18.2)
Charges against core reserves			
Deferred compensation	-	(0.3)	(0.3)
Self insurance	(0.1)	(1.2)	(0.4)
Total Spending Against Core Reserves	(0.1)	(1.5)	(0.7)
Net Core Cash Flow	11.7	(29.0)	(18.9)
Noncore cash flow			
Proceeds from asset sales	-	0.1	0.7
Cash paid to settle noncore contingencies	-	-	(119.7)
Benefit proceeds under life insurance policies	0.2	0.4	2.8
Other noncore pre-tax cash flow	(7.4)	(36.3)	11.0
Noncore Pre-tax Cash Flow	(7.2)	(35.8)	(105.2)
Charges against noncore reserves			
Environmental remediation	(1.3)	(6.5)	(4.5)
Retained obligations and other	(0.3)	(1.8)	(0.6)
Postretirement benefits	(1.4)	(9.2)	(6.9)
Total Spending Against Noncore Reserves	(3.0)	(17.5)	(12.0)
Noncore Cash Flow	(10.2)	(53.3)	(117.2)
Total Pre-tax/Pre-interest/Pre-Chapter 11 Cash Flow	1.5	(82.3)	(136.1)
Cash paid for taxes, net of refunds	(0.1)	(0.5)	(3.7)
Cash paid for interest, net	0.3	(0.4)	(0.9)
Chapter 11 expenses paid	(2.5)	(25.5)	(11.3)
Cash Flow before Strategic Investments	(0.8)	(108.7)	(152.0)
Strategic Investments			
Cash paid for businesses acquired	-	-	-
Dividends received from Germany	-	-	38.7
Proceeds from exercise of stock options	-	15.8	3.1
Cash used for Strategic Investments	-	15.8	41.8
Cash Flow after Strategic Investments	(0.8)	(92.9)	(110.2)
Fees under debtor-in-possession credit facility	(0.2)	(1.5)	(1.5)
Net (investing)/financing activities under life insurance policies	(0.1)	(0.3)	14.2
Net Cash Flow	\$ (1.1)	\$ (94.7)	\$ (97.5)

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

W. R. Grace & Co. - Chapter 11 Filing Entities			
Combined Balance Sheets			
In millions	August 31, 2006	December 31, 2005	April 2, 2001
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 174.5	\$ 269.2	\$ 8.6
Trade accounts receivable, less allowance of \$1.9 (2005 - \$1.3, Filing Date - \$0.7)	133.0	108.0	32.3
Receivables from non-filing entities, net	63.7	62.3	51.2
Inventories	85.4	86.8	80.6
Deferred income taxes	18.3	19.3	80.9
Asbestos-related insurance expected to be realized within one year	-	-	17.0
Other current assets	24.7	34.2	33.4
Total Current Assets	499.6	579.8	304.0
Properties and equipment, net	387.7	378.9	400.4
Goodwill	15.8	18.9	13.6
Cash value of life insurance policies, net of policy loans	86.8	84.8	64.1
Deferred income taxes	729.5	701.0	401.0
Asbestos-related insurance expected to be realized after one year	500.0	500.0	323.4
Loans receivable from non-filing entities, net	289.0	306.9	387.5
Investment in non-filing entities	672.2	527.9	121.0
Other assets	65.7	60.4	308.5
Total Assets	\$ 3,246.3	\$ 3,158.6	\$ 2,323.5
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Liabilities Not Subject to Compromise			
Current Liabilities			
Debt payable within one year	\$ -	\$ -	\$ -
Accounts payable	68.3	76.5	-
Income taxes payable	5.0	5.0	-
Other current liabilities	118.5	105.8	-
Total Current Liabilities	191.8	187.3	-
Debt payable after one year	-	-	-
Minority interest in consolidated affiliates	51.0	32.6	0.3
Other liabilities	356.3	378.9	31.5
Total Liabilities Not Subject to Compromise	599.1	598.8	31.8
Liabilities Subject to Compromise			
Debt, pre-petition plus accrued interest	720.0	684.7	511.5
Accounts payable	31.7	31.5	43.0
Income taxes payable	129.6	136.5	242.1
Asbestos-related liability	1,700.0	1,700.0	1,002.8
Other liabilities	625.0	602.4	566.6
Total Liabilities Subject to Compromise	3,206.3	3,155.1	2,366.0
Total Liabilities	3,805.4	3,753.9	2,397.8
Shareholders' Equity (Deficit)			
Common stock	0.8	0.8	0.8
Paid in capital	423.2	423.4	432.6
Accumulated deficit	(512.0)	(505.9)	(201.8)
Treasury stock, at cost	(103.8)	(119.7)	(136.4)
Accumulated other comprehensive loss	(367.3)	(393.9)	(169.5)
Total Shareholders' Equity (Deficit)	(559.1)	(595.3)	(74.3)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 3,246.3	\$ 3,158.6	\$ 2,323.5

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co.
Notes to Combined Financial Statements
August 31, 2006

1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies

W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis through two operating segments: "Grace Davison," which includes silica- and alumina-based catalysts and materials used in a wide range of industrial applications; and "Grace Performance Chemicals," which includes specialty chemicals and materials used in commercial and residential construction and in rigid food and beverage packaging.

W. R. Grace & Co. conducts substantially all of its business through a direct, wholly-owned subsidiary, W. R. Grace & Co.-Conn. ("Grace-Conn."). Grace-Conn. owns substantially all of the assets, properties and rights of W. R. Grace & Co. on a consolidated basis, either directly or through subsidiaries.

As used in these notes, the term "Company" refers to W. R. Grace & Co. The term "Grace" refers to the Company and/or one or more of its subsidiaries and, in certain cases, their respective predecessors.

Voluntary Bankruptcy Filing – During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in personal injury claims, higher than expected costs to resolve personal injury and certain property damage claims, and class action lawsuits alleging damages from Zonolite Attic Insulation ("ZAI") a former Grace attic insulation product.

After a thorough review of these developments, the Board of Directors concluded that a federal court-supervised bankruptcy process provided the best forum available to achieve fairness in resolving these claims and on April 2, 2001 (the "Filing Date"), Grace and 61 of its United States subsidiaries and affiliates, including Grace-Conn. (collectively, the "Debtors"), filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States

Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

Under Chapter 11, the Debtors have continued to operate their businesses as debtors-in-possession under court protection from creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims. Since the Filing, all motions necessary to conduct normal business activities have been approved by the Bankruptcy Court. (See Note 2 for Chapter 11 Related Information.)

Basis of Presentation – The interim Combined Financial Statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy Court. Consequently, these financial statements do not purport to present the financial performance of W. R. Grace & Co. in conformity with generally accepted accounting principles which would require the consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W. R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in the Company's 2005 Annual Report on Form 10-K and when filed, its 2006 Annual Report on Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These interim Combined Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented under generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed. The results of operations for the eight-month interim period ended August 31, 2006 are not necessarily indicative of the results of operations for the year ending December 31, 2006.

Reclassifications – Certain amounts in prior years' Combined Financial Statements have been reclassified to conform to the 2006 presentation.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the assets and liabilities reported at the date of the Consolidated Financial Statements, and the revenues and expenses reported for the periods presented. Actual amounts could differ from those estimates, and the differences could be material. Changes in estimates are recorded in the period identified. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities which depend on an assessment of the probability of loss and an estimate of ultimate resolution cost, such as asbestos-related matters, environmental remediation, income taxes, and litigation;
- Pension and postretirement liabilities that depend on assumptions regarding discount rates and total returns on invested funds;
- Liabilities for employee incentive compensation and customer rebates that depend on estimates of future sales or earnings;

- Depreciation and amortization periods for long-lived assets, including property and equipment, intangible, and other assets that depend on utilization assessments and future product and production plans and expected sales and cash flows; and
- Realization values of various assets such as net deferred tax assets, trade receivables, inventories, insurance receivables, properties and equipment, and goodwill which depend on assessments of credit and other business risks, and projections of future income and cash flows.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under Grace's Chapter 11 proceeding.

Effect of New Accounting Standards – In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of FASB Statement No. 109 ("FIN 48"), which prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken in tax returns. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Grace is required to adopt FIN 48 in the first quarter of 2007, and is currently evaluating the impact to its Consolidated Financial Statements.

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment," to require companies to measure and recognize in operations the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. The provisions of this standard are effective for Grace in 2006. Grace implemented SFAS 123(R) in the first quarter of 2006. Under the transition method selected by Grace, the modified prospective method, the only outstanding awards affected were stock appreciation rights granted to Grace's former Chief Executive Officer. Grace measured the award at a fair value of \$2.6 million using the Black-Scholes option pricing model at March

31, 2006 and recorded that amount as compensation cost (included in selling, general and administrative expenses) in the quarter ended March 31, 2006. Grace recognized the \$0.6 million decrease in fair value of the stock appreciation rights from March 31, 2006 to June 30, 2006 as a reduction of compensation costs in the quarter ended June 30, 2006. The cumulative effect of this new rule was \$1.4 million at the beginning of the first quarter of 2006. Grace has not granted equity options or rights while in Chapter 11.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs – an Amendment of ARB No. 43, Chapter 4," to provide clarification that abnormal amounts of idle facility expense, freight, handling costs, and wasted material be recognized as current-period costs. In addition, this standard requires that the allocation of fixed production overheads to the costs of inventory be based on the normal capacity of the production facilities. Grace adopted this standard in 2006 and it has not had a material impact on Grace's Consolidated Financial Statements.

2. Chapter 11 Related Information

Plan of Reorganization – On November 13, 2004 Grace filed a plan of reorganization, as well as several associated documents, including a disclosure statement, with the Bankruptcy Court. On January 13, 2005, Grace filed an amended plan of reorganization (the "Plan") and related documents to address certain objections of creditors and other interested parties. The Plan is supported by committees representing general unsecured creditors and equity holders, but is not supported by committees representing asbestos personal injury claimants and asbestos property damage claimants.

Under the terms of the Plan, a trust would be established under Section 524(g) of the Bankruptcy Code to which all pending and future asbestos-related claims would be channeled for resolution. Grace has requested that the Bankruptcy Court conduct an estimation hearing to determine the amount that would need to be paid into the trust on the

effective date of the Plan to satisfy the estimated liability for all classes of asbestos claimants and trust administration costs and expenses over time. The Plan provides that Grace's asbestos-related liabilities would be satisfied using cash and securities from Grace and third parties.

The Plan will become effective only after a vote of eligible creditors and with the approval of the Bankruptcy Court and the U.S. District Court for the District of Delaware. Votes on the Plan may not be solicited until the Bankruptcy Court approves the disclosure statement. The Bankruptcy Court has indicated that it will not consider the approval of the disclosure statement until after completion of estimation hearings on the amount of Grace's asbestos-related liability. The Debtors have received extensions of their exclusive right to propose a plan of reorganization through July 23, 2007.

Under the terms of the Plan, claims will be satisfied under the Chapter 11 cases as follows:

Asbestos-Related Claims and Costs

A trust would be established under Section 524(g) of the Bankruptcy Code to which all pending and future asbestos-related claims would be channeled for resolution. The trust would utilize specified trust distribution procedures to satisfy the following allowed asbestos-related claims and costs:

1. *Personal injury claims that meet specified exposure and medical criteria (Personal Injury-Symptomatic Eligible or "PI-SE" Claims)* – In order to qualify for this class, claimants would have to prove that their health is impaired from meaningful exposure to asbestos-containing products formerly manufactured by Grace.
2. *Personal injury claims that do not meet the exposure and medical criteria necessary to qualify as PI-SE Claims (Personal Injury-Asymptomatic and Other or "PI-AO" Claims)* – This class would contain all asbestos-related

personal injury claims against Grace that do not meet the specific requirements to be PI-SE Claims, but do meet certain other specified exposure and medical criteria.

3. *Property damage claims, including claims related to ZAI ("PD Claims")* – In order to qualify for this class, claimants would have to prove Grace liability for loss of property value or remediation costs related to products formerly manufactured by Grace that claimants allege contained asbestos.
4. *Trust administration costs and legal expenses.*

The claims arising from such proceedings would be subject to this classification process as part of the Plan.

The Bankruptcy Court has entered separate case management orders for estimating liability for pending and future personal injury claims and pending property damage claims, excluding ZAI claims. The case management orders originally contemplated that estimation hearings would take place in September 2006. However, the Bankruptcy Court deferred the estimation process to provide the Debtors and the other stakeholders in the Chapter 11 proceeding with an opportunity to negotiate a resolution of all or a portion of the Debtors' asbestos-related liabilities. The Bankruptcy Court appointed a mediator to facilitate such negotiations that ultimately were unsuccessful. As a result, the Bankruptcy Court has resumed the estimation process. Trial dates for estimating liability for personal injury claims have been scheduled for June 2007. Grace expects that hearings for the adjudication of property damage claims will take place during the first quarter of 2007. The Debtors expect that the estimated liability will provide the basis for determining the Funding Amount to be paid into the trust on the effective date of the Plan.

Asbestos personal injury claimants, including both PI-SE and PI-AO claims, would have the option either to litigate their claims against the

trust in federal court in Delaware or, if they meet specified eligibility criteria, accept a settlement amount based on the severity of their condition. Asbestos property damage claimants would be required to litigate their claims against the trust in federal court in Delaware. The Plan provides that, as a condition precedent to confirmation, the maximum estimated aggregate funding amount for all asbestos-related liabilities (PI-SE, PI-AO and PD including ZAI) and trust administration costs and expenses as determined by the Bankruptcy Court cannot exceed \$1,613 million, which Grace believes would fund over \$2 billion in claims, costs and expenses over time.

The PI-SE Claims, the PD Claims and the related trust administration costs and expenses would be funded with (1) a payment of \$512.5 million in cash (plus interest at 5.5% compounded annually from December 21, 2002) and nine million shares of common stock of Sealed Air Corporation ("Sealed Air") to be made directly by Cryovac, Inc., a wholly owned subsidiary of Sealed Air, ("Cryovac") to the asbestos trust pursuant to the terms of a settlement agreement resolving asbestos-related, successor liability and fraudulent transfer claims against Sealed Air and Cryovac, and (2) Grace common stock. The number of shares of Grace common stock required to satisfy these claims will depend on the price of Grace common stock on the effective date of the Plan, liability measures approved by the Bankruptcy Court, and the value of the Sealed Air settlement, which changes daily with the accrual of interest and the trading value of Sealed Air common stock. The Sealed Air settlement agreement has been approved by the Bankruptcy Court, but remains subject to the fulfillment of specified conditions.

The PI-AO Claims would be funded with warrants exercisable for that number of shares of Grace common stock which, when added to the shares issued directly to the trust on the effective date of the Plan, would represent 50.1% of Grace's voting securities. If the common stock issuable upon exercise of the warrants is insufficient to pay all PI-AO Claims

(the liability for which is uncapped under the Plan), then Grace would pay any additional liabilities in cash.

The amounts to fund PI-SE Claims, PD Claims and the expense of trust administration would be capped at the amount determined by the Bankruptcy Court. Amounts required to fund PI-AO Claims would not be capped, so if the amount funded in respect thereof later proved to be inadequate, Grace would be responsible for contributing additional funds into the asbestos trust to satisfy PI-AO Claims. Because of the number and nature of the uncertainties involved, Grace is unable to determine the extent to which, if any, the liability for PI-AO claims may exceed the amount funded into the trust in respect thereof.

Other Claims

The Plan provides that all allowed administrative or priority claims would be paid 100% in cash and all general unsecured claims, other than those covered by the asbestos trust, would be paid 85% in cash and 15% in Grace common stock. Grace estimates that claims with a recorded value of approximately \$1,212 million, including interest accrued through June 30, 2006, would be satisfied in this manner at the effective date of the Plan. Grace would finance these payments with cash on hand, cash from Fresenius Medical Care Holdings, Inc. ("Fresenius") paid in settlement of asbestos and other Grace-related claims, new Grace debt, and Grace common stock. Grace would satisfy other non-asbestos related liabilities and claims (primarily certain environmental, tax, pension and retirement medical obligations) as they become due and payable over time using cash flow from operations, insurance proceeds from policies and settlement agreements covering asbestos-related liabilities, and new credit facilities. Proceeds from available product liability insurance applicable to asbestos-related claims would supplement operating cash flow to service new debt and liabilities not paid on the effective date of the Plan.

Effect on Grace Common Stock

The Plan provides that Grace common stock will remain outstanding at the effective date of the Plan, but that the interests of existing shareholders would be subject to dilution by additional shares of common stock issued under the Plan. In addition, in order to preserve significant tax benefits from net operating loss carryforwards ("NOLs") and certain future deductions, which are subject to elimination or limitation in the event of a change in control (as defined by the Internal Revenue Code) of Grace, the Plan places restrictions on the purchase of Grace common stock. The restrictions would prohibit (without the consent of Grace), for a period of three years, a person or entity from acquiring more than 4.75% of the outstanding Grace common stock or, for those persons already holding more than 4.75%, prohibit them from increasing or decreasing their holdings. The Bankruptcy Court has also approved the trading restrictions described above, excluding the restriction on sales, until the effective date of the Plan.

Grace intends to address all pending and future asbestos-related claims and all other pre-petition claims as outlined in the Plan. However, Grace may not be successful in obtaining approval of the Plan by the Bankruptcy Court and other interested parties. For example, the asbestos creditors committees and future asbestos claimants representative have challenged the confirmability of the Plan, arguing that the Plan impairs the rights of asbestos creditors and impermissibly denies them voting rights, and have asserted that Grace's asbestos-related liabilities exceed the fair value of Grace's assets. As a result of these challenges and other Bankruptcy Court rulings, a materially different plan of reorganization may ultimately be approved and, under the ultimate plan of reorganization, the interests of the Company's shareholders could be substantially diluted or cancelled. The value of Grace common stock following a plan of reorganization, and the extent of any recovery by non-asbestos-related creditors, will depend principally on the allowed value of Grace's asbestos-related claims as determined by the Bankruptcy Court.

Official Parties to Grace's Chapter 11 Proceedings – Three creditors' committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing shareholders, have been appointed in the Chapter 11 Cases. These committees, and a legal representative of future asbestos claimants, have the right to be heard on all matters that come before the Bankruptcy Court and are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain costs and expenses of the committees and of the future asbestos claimants' representative, including those of their counsel and financial advisors.

Claims Filings – The Bankruptcy Court established a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos-related property damage claims and medical monitoring claims related to asbestos. The bar date did not apply to asbestos-related personal injury claims or claims related to ZAI, which will be dealt with separately.

Approximately 14,900 proofs of claim were filed by the bar date. Of these claims, approximately 9,400 were non-asbestos related, approximately 4,300 were for asbestos-related property damage, and approximately 1,000 were for medical monitoring. The medical monitoring claims were made by individuals who allege exposure to asbestos through Grace's products or operations. These claims, if sustained, would require Grace to fund ongoing health monitoring costs for qualified claimants. In addition, approximately 770 proofs of claim were filed after the bar date.

Approximately 7,000 of the non-asbestos related claims involve claims by employees or former employees for future retirement benefits such as pension and retiree medical coverage. Grace views most of these claims as contingent and has proposed a plan of reorganization that would retain such benefits. The other non-asbestos related claims include claims for payment of goods and services, taxes, product warranties, principal and interest under pre-petition credit facilities, amounts due under leases and other contracts, leases and other

executory contracts rejected in the Bankruptcy Court, environmental remediation, indemnification or contribution to actual or potential co-defendants in asbestos-related and other litigation, pending non-asbestos-related litigation, and non-asbestos-related personal injury.

The Debtors have analyzed the claims as filed and have found that many are duplicates, represent the same claim filed against more than one of the Debtors, lack any supporting documentation, or provide insufficient supporting documentation. As of June 30, 2006, the Debtors had filed objections to 5,400 claims (approximately 100 of which were subsequently withdrawn), approximately 3,950 of which were asbestos property damage claims. Of the 5,300 claims, approximately 2,300 have been expunged, approximately 200 have been resolved, approximately 1,900 have been withdrawn by claimants, and the remaining approximately 900 will be addressed through the claims objection process and the dispute resolution procedures approved by the Bankruptcy Court.

Grace believes that its recorded liabilities for claims subject to the bar date represent a reasonable estimate of the ultimate allowable amount for claims that are not in dispute or have been submitted with sufficient information to both evaluate the merit and estimate the value of the claim. The asbestos-related claims are considered as part of Grace's overall asbestos liability and are being accounted for in accordance with the conditions precedent under the Plan, as described in "Accounting Impact" below. As claims are resolved, or where better information becomes available and is evaluated, Grace will make adjustments to the liabilities recorded in its Consolidated Financial Statements as appropriate. Any such adjustments could be material to its consolidated financial position and results of operations.

Litigation Proceedings in Bankruptcy Court

– In September 2000, Grace was named in a purported class action lawsuit filed in California Superior Court for the County of San

Francisco, alleging that the 1996 reorganization involving a predecessor of Grace and Fresenius AG and the 1998 reorganization involving a predecessor of Grace and Sealed Air were fraudulent transfers. The Bankruptcy Court authorized the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to proceed with claims against Fresenius and Sealed Air and Cryovac on behalf of the Debtors' bankruptcy estate.

On November 29, 2002, Sealed Air (and Cryovac) and Fresenius each announced that they had reached agreements in principle with such Committees to settle asbestos, successor liability and fraudulent transfer claims related to such transactions (the "litigation settlement agreements"). Under the terms of the Fresenius settlement, subject to the fulfillment of certain conditions, Fresenius would pay \$115.0 million to the Debtors' estate as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. In July 2003, the Fresenius settlement was approved by the Bankruptcy Court. Under the terms of the Sealed Air settlement, subject to the fulfillment of certain conditions, Cryovac would make a payment of \$512.5 million (plus interest at 5.5% compounded annually, commencing on December 21, 2002) and nine million shares of Sealed Air common stock (collectively valued at \$1,091.4 million as of August 31, 2006), as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. In June 2005, the Sealed Air settlement was approved by the Bankruptcy Court.

Debt Capital – All of the Debtors' pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheets reflect the classification of the Debtors' pre-petition debt within "liabilities subject to compromise."

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N.A. (the "DIP facility") in the aggregate amount of \$250

million. The term of the DIP facility expires on April 1, 2008.

Accounting Impact – The accompanying Consolidated Financial Statements have been prepared in accordance with Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," promulgated by the American Institute of Certified Public Accountants. SOP 90-7 requires that financial statements of debtors-in-possession be prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Filing, the realization of certain of the Debtors' assets and the liquidation of certain of the Debtors' liabilities are subject to significant uncertainty. While operating as debtors-in-possession, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the Consolidated Financial Statements. Further, the ultimate plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements.

Pursuant to SOP 90-7, Grace's pre-petition liabilities that are subject to compromise are required to be reported separately on the balance sheet at an estimate of the amount that will ultimately be allowed by the Bankruptcy Court. As of August 31, 2006, such pre-petition liabilities include fixed obligations (such as debt and contractual commitments), as well as estimates of costs related to contingent liabilities (such as asbestos-related litigation, environmental remediation, and other claims). Obligations of Grace subsidiaries not covered by the Filing continue to be classified on the Consolidated Balance Sheets based upon maturity dates or the expected dates of payment. SOP 90-7 also requires separate reporting of certain expenses, realized gains and losses, and provisions for losses related to the Filing as reorganization items.

Grace has not recorded the benefit of any assets that may be available to fund asbestos-related and other liabilities under the litigation settlements with Sealed Air and Fresenius, as such agreements are subject to conditions which, although expected to be met, have not been satisfied and confirmed by the Bankruptcy Court. The value available under these litigation settlement agreements as measured at August 31, 2006, was \$1,206.4 million comprised of \$115.0 million in cash from Fresenius and \$1,091.4 million in cash and stock from Cryovac. Payments under the Sealed Air settlement will be paid directly to the asbestos trust by Cryovac, and will be accounted for as a satisfaction of a portion of Grace's recorded asbestos-related liability and a credit to shareholder's equity.

Grace's Consolidated Balance Sheets separately identify the liabilities that are "subject to compromise" as a result of the Chapter 11 proceedings. In Grace's case, "liabilities subject to compromise" represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the Chapter 11 Cases and management's assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court. Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the terms of Grace's proposed plan of reorganization, as discussed above, including the accrual of interest on pre-petition debt and the adjustment to Grace's recorded asbestos-related liability; 3) accruals for employee-related programs; and 4) changes in estimates related to other pre-petition contingent liabilities.

Change in Liabilities Subject to Compromise – Following is a reconciliation of the changes in pre-filing date liability balances for the month ended August 31, 2006 and for the period from the Filing Date through August 31, 2006.

(In millions)	Current Month	Cumulative Since Filing
Balance, beginning of period	\$ 3,207.0	\$ 2,366.0
Cash disbursements and/or reclassifications under Bankruptcy Court orders:		
Freight and distribution order...	—	(5.7)
Trade accounts payable order	—	(9.1)
Settlements of noncore contingencies	—	(119.7)
Other court orders including employee wages and benefits, sales and use tax and customer programs	(3.7)	(320.1)
Expense/(income) items:		
Interest on pre-petition liabilities	6.2	250.7
Employee-related accruals	0.2	36.4
Change in estimate of asbestos-related contingencies	—	744.8
Change in estimate of environmental contingencies	—	295.6
Change in estimate of income tax contingencies	(3.4)	(6.9)
Balance sheet reclassifications....	—	(25.7)
Balance, end of period	\$ 3,206.3	\$ 3,206.3

Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the allowance of contingent or disputed claims. Beginning January 1, 2006, Grace has agreed to pay interest on pre-petition bank debt at the prime rate quoted by Bloomberg, adjusted for periodic changes, and compounded quarterly. The effective rate for the eight months ended August 31, 2006 was 7.81%. From the Filing Date through the effective date of the Plan, Grace accrued interest based on the nondefault agreement rate. From November 2004 to December 31, 2005, interest expense on pre-petition bank debt was accrued at a negotiated fixed annual rate of 6.09%, compounded quarterly.

3. Other Balance Sheet Accounts

(In millions)	August 31, 2006	Filing Date
Inventories		
Raw materials	\$ 26.1	\$ 20.3
In process	22.8	16.2
Finished products	69.5	63.8
General merchandise	13.9	9.6
Less: Adjustment of certain inventories to a last-in/first- out (LIFO) basis	(46.9)	(29.3)
	\$ 85.4	\$ 80.6
Other Assets		
Deferred pension costs	\$ 3.3	\$ 227.9
Deferred charges	5.0	40.4
Long-term receivables	6.9	1.9
Long-term investments	--	2.1
Patents, licenses and other intangible assets, net	37.8	25.2
Pension – unamortized prior service cost	12.7	8.1
Other assets	--	2.9
	\$ 65.7	\$ 308.5
Other Current Liabilities		
Accrued compensation	\$ 43.0	\$ --
Accrued commissions	5.5	--
Customer programs	20.5	--
Accrued utilities	0.2	--
Accrued freight	3.8	--
Accrued reorganization fees	19.6	--
Other accrued liabilities	25.9	--
	\$ 118.5	\$ --
Other Liabilities		
Deferred royalty income – non-filing entities	\$ --	\$ 31.5
Pension – underfunded plans	317.9	--
Other accrued liabilities	38.4	--
	\$ 356.3	\$ 31.5
Other Liabilities Subject to Compromise		
Other postretirement benefits	\$ 88.4	\$ 185.4
Environmental remediation	365.4	164.8
Retained obligations of divested businesses	16.3	43.5
Special pension arrangements	88.7	70.8
Deferred compensation	3.7	8.2
Self insurance reserve	11.6	11.8
Accrued interest on pre- petition liabilities	46.8	--
Other accrued liabilities	4.1	82.1
	\$ 625.0	\$ 566.6

4. Life Insurance

Grace is the beneficiary of corporate-owned life insurance ("COLI") policies on certain current and former employees with a net cash surrender value of \$86.8 million at August 31, 2006. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to

provide cash flow (primarily tax-free) over an extended number of years.

The following table summarizes the components of net cash value at August 31, 2006 and Filing Date:

Components of Net Cash Value (In millions)	August 31, 2006	Filing Date
Gross cash value	\$ 111.7	\$ 453.7
Principal – policy loans	(23.6)	(390.3)
Accrued interest – policy loans ..	(1.3)	0.7
Net cash value	\$ 86.8	\$ 64.1
Insurance benefits in force	\$ 196.9	\$ 2,286.0

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

In January 2005, Grace surrendered and terminated most of its other COLI policies and received approximately \$14.8 million of net cash value from the termination.

5. Debt

On August 31, 2006 and Filing Date, Grace's debt was as follows:

Components of Debt (In millions)	August 31, 2006	Filing Date
Debt payable within one year		
DIP facility	\$ --	\$ --
Other short-term borrowings and related fees payable	--	--
	\$ --	\$ --
Debt payable after one year		
DIP facility	\$ --	\$ --
Other long-term borrowings	--	--
	\$ --	\$ --
Debt Subject to Compromise		
Bank borrowings	\$ 500.0	\$ 500.0
8.0% Notes Due 2004	--	5.7
7.75% Notes Due 2002	--	2.0
Other borrowings	13.9	1.2
Accrued interest	206.1	2.6
	\$ 720.0	\$ 511.5

In April 2001, the Debtors entered into the DIP facility for a two-year term in the aggregate amount of \$250 million. The DIP facility is secured by a priority lien on substantially all assets of the Debtors with the exclusion of foreign stock holdings, and bears interest based

on the London Interbank Offered Rate (LIBOR). The Debtors have extended the term of the DIP facility through April 1, 2008. Grace had no outstanding borrowings under the DIP facility as of August 31, 2006; however, \$48.0 million of standby letters of credit were issued and outstanding under the facility. The letters of credit (as well as an \$8.5 million carve-out reserve), which reduce available funds under the facility, were issued primarily for trade-related matters such as performance bonds, and certain insurance and environmental matters.

Bank Statements

JP Morgan Chase

Statement of Account

M R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4098

TS

Account No: 910-1-013572
Statement Start Date: 01 JUL 2006
Statement End Date: 31 JUL 2006
Statement Code: 000-USA-21
Statement No: 007

In US Dollars

Page 1 of 3

TRANSACTIONS			BALANCES			ENCLOSURES		
Total Credits	2	200,000.00	Opening (01 JUL 2006)		Closing (31 JUL 2006)	Credits	0	
Total Debits (incl. checks)	20	219,702.41	Ledger		Ledger	Debits	0	
Total Checks Paid	0	0.00	Collected		Collected	Checks	0	

Date	Am. Ledger	Value	Reference	Credit	Debit	Description	Date	Closing Balance	Amount
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CREDITS									
14JUL	USD	YOUR: CAP OF 06/07/14	100,000.00			BOOK TRANSFER CREDIT	03JUL	124,884.17	
		OUR: 0700300195J0				B/O: M R. GRACE AND CO SYRACUSE FDN	05JUL	107,400.80	
						COLUMBIA MD 21044-4098	06JUL	100,754.20	
						REF: CHASE MEDICAL ACCT FUNDING	07JUL	89,240.13	
						BOOK TRANSFER CREDIT	10JUL	77,830.86	
						B/O: M R. GRACE AND CO SYRACUSE FDN	11JUL	60,070.66	
						COLUMBIA MD 21044-4098	12JUL	52,380.04	
						REF: CHASE MEDICAL ACCT FUNDING	13JUL	40,833.75	
							14JUL	130,891.79	
							17JUL	123,423.65	
							18JUL	106,981.87	
							19JUL	99,302.18	
							20JUL	87,473.66	
							21JUL	78,498.85	
							24JUL	72,520.62	
							25JUL	58,244.94	
							26JUL	40,681.47	
							27JUL	28,112.09	
							28JUL	17,136.76	
							31JUL	112,967.97	

31JUL	USD	YOUR: CAP OF 06/07/31	100,000.00						
		OUR: 1713600212J0							

DEBITS									
03JUL	USD	OUR: 0618400084MA	7,786.21			GOVERNMENT ALLOTMENT DEBIT			
						COVERING DRAFTS TO A/C NO.			
						002-2-416598 FOR WORK OF 06/30/06			
						GOVERNMENT ALLOTMENT DEBIT			
						COVERING DRAFTS TO A/C NO.			
						002-2-416598 FOR WORK OF 07/03/06			
						GOVERNMENT ALLOTMENT DEBIT			
						COVERING DRAFTS TO A/C NO.			
						002-2-416598 FOR WORK OF 07/05/06			
						GOVERNMENT ALLOTMENT DEBIT			
						COVERING DRAFTS TO A/C NO.			
						002-2-416598 FOR WORK OF 07/06/06			
						GOVERNMENT ALLOTMENT DEBIT			
						COVERING DRAFTS TO A/C NO.			
						002-2-416598 FOR WORK OF 07/07/06			
						GOVERNMENT ALLOTMENT DEBIT			
						COVERING DRAFTS TO A/C NO.			
						002-2-416598 FOR WORK OF 07/10/06			

05JUL	USD	OUR: 0618600083MA	17,483.37						

06JUL	USD	OUR: 0618700085MA	6,646.60						

07JUL	USD	OUR: 0618800085MA	11,514.07						

10JUL	USD	OUR: 0619100085MA	11,409.27						

10JUL	USD	OUR: 0619200083MA	17,760.20						

12JUL									

LEDGER BALANCES									
03JUL									
05JUL									
06JUL									
07JUL									
10JUL									
12JUL									

COLLECTED BALANCES									
03JUL									
05JUL									
06JUL									
07JUL									
10JUL									
12JUL									

FT CODE:									
USD - SAME DAY FUNDS	USD1 - ONE DAY FLOAT	USD3 - THREE DAY FLOAT	USD5 - FIVE DAY FLOAT						
USD - NEXT DAY FUNDS	USD2 - TWO DAY FLOAT	USD4 - FOUR DAY FLOAT	USD - MIXED FLOAT						

PLEASE EXAMINE THIS STATEMENT OF ACCOUNT AT ONCE. THE MAINTENANCE OF THIS ACCOUNT IS SUBJECT TO THE PROVISIONS OF THE NEW YORK UNIFORM COM-MERCIAL CODE AND THE BANK'S TERMS AND CONDITIONS FOR BUSINESS ACCOUNTS AND SERVICES. THE BANK DISCLAIMS RESPONSIBILITY FOR ANY ERROR IN OR IMPROPER CHARGE TO THE ACCOUNT AS RENDERED UNLESS INFORMED IN WRITING OF THIS ERROR OR CHARGE WITHIN SIXTY DAYS OF THE DELIVERY MAILING OR AVAILABILITY OF THE STATEMENT AND CANCELED VOUCHERS. KINDLY REFER TO THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS STATEMENT IN ORDER TO DIRECT YOUR INQUIRIES TO THE PROPER DEPARTMENT FOR PROMPT ACTION.

MORGAN CHASE BANK, N.A.



Statement of Account

M R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4098

TS

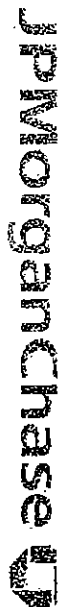
Account No:
Statement Start Date:
Statement End Date:
Statement Code:
Statement No:

In US Dollars
910-1-013572
01 JUL 2006
31 JUL 2006
000-USA-21
007
Page 2 of 3

Date	ADJ. DATE	VALUE	F	Reference	Credit/Debit	Description	Date	CHG. BALANCE	Amount
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DEBITS CONTINUED

12JUL	11JUL	11JUL	USD	OUR: 0619300082MA	7,690.62	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.	13JUL	40,833.75	
13JUL	12JUL	12JUL	USD	OUR: 0619400084MA	11,546.29	002-2-416598 FOR WORK OF 07/11/06 GOVERNMENT ALLOTMENT DEBIT	14JUL	130,891.79	
14JUL	13JUL	13JUL	USD	OUR: 0619500086MA	9,941.96	002-2-416598 FOR WORK OF 07/12/06 GOVERNMENT ALLOTMENT DEBIT	17JUL	123,423.65	
17JUL	14JUL	14JUL	USD	OUR: 0619800082MA	7,468.14	002-2-416598 FOR WORK OF 07/13/06 GOVERNMENT ALLOTMENT DEBIT	18JUL	106,981.87	
18JUL	17JUL	17JUL	USD	OUR: 0619900084MA	16,441.78	002-2-416598 FOR WORK OF 07/14/06 GOVERNMENT ALLOTMENT DEBIT	19JUL	99,302.18	
19JUL	18JUL	18JUL	USD	OUR: 0620000076MA	7,679.69	002-2-416598 FOR WORK OF 07/17/06 GOVERNMENT ALLOTMENT DEBIT	20JUL	87,473.66	
20JUL	19JUL	19JUL	USD	OUR: 0620100079MA	11,828.52	002-2-416598 FOR WORK OF 07/18/06 GOVERNMENT ALLOTMENT DEBIT	21JUL	78,498.85	
21JUL	20JUL	20JUL	USD	OUR: 0620200079MA	8,974.81	002-2-416598 FOR WORK OF 07/19/06 GOVERNMENT ALLOTMENT DEBIT	24JUL	72,520.62	
24JUL	21JUL	21JUL	USD	OUR: 0620500080MA	5,978.23	002-2-416598 FOR WORK OF 07/20/06 GOVERNMENT ALLOTMENT DEBIT	25JUL	58,244.94	
25JUL	24JUL	24JUL	USD	OUR: 0620600078MA	14,275.68	002-2-416598 FOR WORK OF 07/21/06 GOVERNMENT ALLOTMENT DEBIT	26JUL	40,681.47	
26JUL	25JUL	25JUL	USD	OUR: 0620700084MA	17,563.47	002-2-416598 FOR WORK OF 07/24/06 GOVERNMENT ALLOTMENT DEBIT	27JUL	28,112.09	
27JUL	26JUL	26JUL	USD	OUR: 0620800081MA	12,569.38	002-2-416598 FOR WORK OF 07/25/06 GOVERNMENT ALLOTMENT DEBIT	28JUL	17,136.76	
28JUL	27JUL	27JUL	USD	OUR: 0620900082MA	10,975.33	002-2-416598 FOR WORK OF 07/26/06 GOVERNMENT ALLOTMENT DEBIT	31JUL	112,967.97	
31JUL	28JUL	28JUL	USD	OUR: 0621200084MA	4,168.79	002-2-416598 FOR WORK OF 07/27/06 GOVERNMENT ALLOTMENT DEBIT			
						002-2-416598 FOR WORK OF 07/28/06 COVERING DRAFTS TO A/C NO.			



Statement of Account

TS

M R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4098

Account No:
Statement Start Date:
Statement End Date:
Statement Code:
Statement No:

In US Dollars
910-1-013572
01 JUL 2006
31 JUL 2006
000-USA-21
007
Page 3 of 3

CHECKS

No Activity



WACHOVIA

01 2199500021812 036 130 0 36 180,389

00062811 01 MB 0.326 01 MAAD 190

W R GRACE AND CO-CONN
GENERAL ACCOUNT
ATTN: PATTY ELLIOTT-GRAY
7500 GRACE DRIVE BLDG 25
COLUMBIA, MD 21044-4098

CB

Commercial Checking

7/01/2006 thru 7/31/2006

Account number: 2199500021812
Account owner(s): W R GRACE AND CO-CONN
GENERAL ACCOUNT**Account Summary**

Opening balance 7/01	\$10,000.00
Deposits and other credits	821,278.09 +
Other withdrawals and service fees	743,071.98 -
Closing balance 7/31	\$88,206.11

Deposits and Other Credits

Date	Amount	Description
7/07	4,327.58	DEPOSIT
7/07	131,397.50	DEPOSIT
7/07	471,619.50	DEPOSIT
7/14	135,727.40	DEPOSIT
7/25	33,732.82	DEPOSIT
7/25	44,473.29	DEPOSIT
Total	\$821,278.09	

Other Withdrawals and Service Fees

Date	Amount	Description
7/11	607,344.58	FUNDS TRANSFER (ADVICE 060711045067) SENT TO CHASE MANHATTAN B/ BNF=W R GRACE AND CO CONN OBI= RFB= 07/11/06 03:06PM
7/20	135,727.40	FUNDS TRANSFER (ADVICE 060720036479) SENT TO CHASE MANHATTAN B/ BNF=W R GRACE AND CO CONN OBI= RFB= 07/20/06 01:32PM
Total	\$743,071.98	



WACHOVIA

Daily Balance Summary

<u>Dates</u>	<u>Amount</u>	<u>Dates</u>	<u>Amount</u>	<u>Dates</u>	<u>Amount</u>
7/07	617,344.58	7/14	145,727.40	7/25	88,206.11
7/11	10,000.00	7/20	10,000.00		



P.O. Box 8118, Boston, MA 02266-8118 (800) 225-1576

3979

W R GRACE & CO - CONN
 ATTN TREASURY DEPT
 7500 GRACE DR
 COLUMBIA MD 21044-4009



Merrill Lynch Premier Institutional Fund

Cumulative Statement for 07/01/2006 - 07/31/2006

Account Number
 318-3323735-8

Financial Advisor
 H P S Group
 (--73807646)

Account Value As Of 07/31/2006
 \$120,817,504.22

Dividends	
07/01/2006 - 07/31/2006	Year To Date
\$501,996.17	\$3,093,600.80

> ON MONDAY, SEPTEMBER 4, MERRILL LYNCH FUNDS
 FOR INSTITUTIONS WILL BE CLOSED IN
 OBSERVANCE OF LABOR DAY.

> THE AVERAGE NET ANNUALIZED YIELD FOR THE
 MONTH OF JULY WAS 5.08%. TRADING DEADLINES
 ON SEPTEMBER 1 WILL BE 3:00 P.M. ET.

Account Activity

Confirm Date	Trade Date	Transaction Description	Dollar Amount of Transaction	Share Price	Balance After Transaction
		Beginning Balance			\$132,515,508.05
07/05/2006	07/05/2006	Shares Purchased By Wire	\$12,600,000.00	\$1.00	\$145,115,508.05
07/06/2006	07/06/2006	Same Day Wire Redemption	\$1,200,000.00	\$1.00	\$143,915,508.05
07/07/2006	07/07/2006	Same Day Wire Redemption	\$5,400,000.00	\$1.00	\$138,515,508.05
07/10/2006	07/10/2006	Shares Purchased By Wire	\$2,000,000.00	\$1.00	\$140,515,508.05
07/11/2006	07/11/2006	Same Day Wire Redemption	\$7,800,000.00	\$1.00	\$132,715,508.05
07/12/2006	07/12/2006	Shares Purchased By Wire	\$3,200,000.00	\$1.00	\$135,915,508.05
07/12/2006	07/12/2006	Same Day Wire Redemption	\$21,500,000.00	\$1.00	\$114,415,508.05
07/13/2006	07/13/2006	Same Day Wire Redemption	\$3,100,000.00	\$1.00	\$111,315,508.05
07/14/2006	07/14/2006	Same Day Wire Redemption	\$2,800,000.00	\$1.00	\$108,515,508.05
07/17/2006	07/17/2006	Shares Purchased By Wire	\$4,300,000.00	\$1.00	\$112,815,508.05
07/19/2006	07/19/2006	Same Day Wire Redemption	\$1,000,000.00	\$1.00	\$111,815,508.05
07/20/2006	07/20/2006	Same Day Wire Redemption	\$10,200,000.00	\$1.00	\$101,615,508.05
07/21/2006	07/21/2006	Shares Purchased By Wire	\$1,300,000.00	\$1.00	\$102,915,508.05
07/25/2006	07/25/2006	Same Day Wire Redemption	\$7,100,000.00	\$1.00	\$95,815,508.05
07/26/2006	07/26/2006	Same Day Wire Redemption	\$800,000.00	\$1.00	\$95,015,508.05
07/27/2006	07/27/2006	Same Day Wire Redemption	\$4,800,000.00	\$1.00	\$90,215,508.05
07/28/2006	07/28/2006	Shares Purchased By Wire	\$14,800,000.00	\$1.00	\$105,015,508.05
07/28/2006	07/28/2006	Same Day Wire Redemption	\$3,700,000.00	\$1.00	\$101,315,508.05

Account Number 318-3323735-8 (page 1 of 2)



519574



Merrill Lynch

Investment Managers

Merrill Lynch Premier Institutional Fund

Cumulative Statement for 07/01/2006 - 07/31/2006

Account Number
318-3323735-8

Account Activity

Confirm Date	Trade Date	Transaction Description	Dollar Amount of Transaction	Share Price	Balance After Transaction
07/31/2006	07/31/2006	Shares Purchased By Wire	\$19,000,000.00	\$1.00	\$120,315,508.05
07/31/2006	07/31/2006	Div Reinvest	\$501,996.17	\$1.00	\$120,817,504.22
		Ending Balance			\$120,817,504.22

